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BEFORE THE

SUBCOMMITTEE ON CIVIL SERVICE  
HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE

MARCH 20, 1984

MADAM CHAIRWOMAN AND MEMBERS OF THE SUBCOMMITTEE:

I AM PLEASED TO APPEAR HERE TODAY BEFORE THIS SUBCOMMITTEE IN RESPONSE TO YOUR INVITATION TO EXPRESS MY VIEWS AND IMPRESSIONS OF THE SENIOR EXECUTIVE SERVICE (SES). I HAVE BEEN A FEDERAL EMPLOYEE FOR NEARLY TWENTY YEARS, DURING WHICH TIME I HAVE HELD A DOZEN POSITIONS WITHIN THE DEPARTMENT OF THE AIR FORCE AND THE OFFICE OF THE SECRETARY OF DEFENSE AND JOINED THE SES WHEN IT WAS ESTABLISHED IN JULY 1979. IN THE INTEREST OF TIME, I WILL SUMMARIZE VERY BRIEFLY MY PERSONAL ASSESSMENT OF THE EFFECTIVENESS OF THE SES PROGRAM AS WELL AS MY REACTION TO THE FINDINGS OF THE GAO IN ITS REVIEW OF THE PROGRAM CONDUCTED LAST YEAR.

IN A NUTSHELL, I BELIEVE THE JURY IS STILL OUT ON SES. SOME, BUT CERTAINLY NOT ALL, OF THE INITIATIVES HAVE YIELDED THE ANTICIPATED BENEFITS TO THE FEDERAL EXECUTIVE AND THE FEDERAL GOVERNMENT. I CONCUR WITH THE GAO'S CONCLUSION THAT SOME HEADWAY IS BEING MADE TOWARD ACHIEVING THE FOLLOWING FOUR MAJOR GOALS ESTABLISHED FOR THE SES BY CONGRESS IN ITS CIVIL SERVICE REFORM ACT OF 1978:

- IMPROVEMENT OF MANAGERIAL CAPABILITIES.
- PROTECTION FOR EXECUTIVES FROM UNDUE POLITICAL INFLUENCE.
- MORE FLEXIBILITY FOR FEDERAL AGENCIES IN USING EXECUTIVES.
- ACCOUNTABILITY FOR EXECUTIVES WITH COMPENSATION, RETENTION AND TENURE BASED ON PERFORMANCE.

IN THE MAIN, I ALSO AGREE WITH THE GAO'S ASSESSMENT OF PROGRESS IN EACH OF THESE CATEGORIES. (ADMITTEDLY, MY VIEWS ON THESE ISSUES ARE COLORED BY MY PERSONAL EXPERIENCE, WHICH, IN TURN, IS A FUNCTION OF THE ORGANIZATION I WORK FOR.)

WITH RESPECT TO IMPROVING THE COMPETENCY OF OUR TOP LEVEL MANAGERS, I SEE LITTLE SUBSTANTIVE CHANGE SINCE THE SES WAS ESTABLISHED. GRANTED, WE HAVE VERY GOOD, ONGOING EXECUTIVE DEVELOPMENT PROGRAMS DESIGNED TO SERVE BOTH SES MEMBERS AS WELL AS POSSIBLE CANDIDATES FOR THE SES. HOWEVER, MANY SIMILAR PROGRAMS WERE IN-PLACE AND AVAILABLE PRIOR TO 1979. I HAD THE OPPORTUNITY TO TAKE PART IN SUCH PROGRAMS IN THE EARLY 1970S. FURTHERMORE, AS WAS TRUE BEFORE SES, WE STILL ENCOUNTER RELUCTANCE ON THE PART OF MANY INDIVIDUALS (AND THEIR AGENCIES, FOR THAT MATTER) TO COMMIT THEMSELVES TO LEAVE THEIR POSITION FOR A LONG PERIOD OF TIME IN ORDER TO TAKE ADVANTAGE OF THESE OPPORTUNITIES. IN SHORT, I THINK EXCELLENT TRAINING AND EXECUTIVE DEVELOPMENT PROGRAMS ARE AVAILABLE TO MEMBERS AND POTENTIAL MEMBERS OF THE SES; HOWEVER, THERE STILL REMAINS AN ALL-TOO-PREVALENT VIEW THAT SUCH PROGRAMS ARE NOT WORTH THE TIME AWAY FROM THE ORGANIZATION AND WILL NOT HAVE ANY BENEFICIAL IMPACT ON THEIR FUTURE IN THE SES.

IN LINE WITH A FINDING BY THE GAO ON THIS SUBJECT, I FEEL THE OVERALL COMPETENCY OF FEDERAL EXECUTIVES IS AFFECTED MORE BY THE INADEQUACY OF PAY AND BENEFITS REQUIRED TO ATTRACT AND RETAIN THE TALENTED PEOPLE WE NEED IN THE SES, THAN BY THE QUALITY OR AVAILABILITY OF EXECUTIVE DEVELOPMENT PROGRAMS.

WITH REGARD TO SAFEGUARDS AGAINST POLITICIZATION OF THE SES, I KNOW OF NO REASON OR OF NO SITUATION THAT WOULD LEAD ME TO QUESTION THE GAO'S FINDING ON THIS MATTER. AS FAR AS I KNOW, THE SAFEGUARDS SPECIFIED IN THE LAW HAVE BEEN ADHERED TO QUITE SCRUPULOUSLY. FROM MY OWN PERSONAL EXPERIENCE IN THE DEPARTMENT OF DEFENSE, I BELIEVE NOT ONLY THE LETTER, BUT ALSO THE SPIRIT, OF THE LAW HAS BEEN FOLLOWED.

I'M NOT SURE THAT I HAVE MUCH OF ANYTHING SUBSTANTIVE TO SAY ON THE ISSUE OF INCREASED REASSIGNMENT FLEXIBILITY. IN GENERAL, I AGREE WITH THE INTENT OF THIS FACET OF THE LEGISLATION: TO PROVIDE AGENCIES MORE FLEXIBILITY IN MATCHING EXECUTIVE TALENT WITH SPECIFIC AGENCY NEEDS AND TO PROVIDE EXECUTIVES THEMSELVES WITH BETTER OPPORTUNITY FOR TRANSFER WITHIN AND BETWEEN AGENCIES. WHILE I UNDERSTAND THE CONCERN ON THE PART OF MANY SES MEMBERS WITH THE POTENTIAL FOR ARBITRARY ACTIONS BEING TAKEN BY THEIR AGENCIES, I FEEL THIS INCREASED FLEXIBILITY IS A MUCH NEEDED MECHANISM FOR IMPROVING THE USEFULNESS AND EFFECTIVENESS OF FEDERAL EXECUTIVES. OF COURSE, THESE VIEWS ARE EASY FOR ME TO EXPRESS, HAVING NOT BEEN SUBJECTED TO SUCH AN ACTION. BUT FROM MY LIMITED VIEWPOINT, I DON'T THINK THE SYSTEM HAS ABUSED THIS FLEXIBILITY. IN GENERAL I THINK THE RECORD OF MY AGENCY IN THIS REGARD HAS BEEN QUITE COMMENDABLE, PARTICULARLY COMPARED TO REPORTED ACTIONS IN SOME OF THE OTHER AGENCIES.

IT IS THE LAST OF THE FOUR GOALS--ACCOUNTABILITY WITH COMPENSATION, RETENTION AND TENURE BASED ON PERFORMANCE--WHERE I SERIOUSLY QUESTION OUR PROGRESS. A NECESSARY PART OF IMPLEMENTING THIS GOAL AND DETERMINING THE PERFORMANCE OF EXECUTIVES IS, OF COURSE, THE PERFORMANCE APPRAISAL SYSTEM MANDATED BY THE CONGRESS. WE HAVE IMPLEMENTED SUCH A SYSTEM IN OUR AGENCY AND USE IT FOR THE PURPOSES INTENDED. IN ADDITION TO DEVELOPING AND MAINTAINING PERFORMANCE APPRAISALS FOR SES MEMBERS WHO WORK FOR ME, I HAVE ALSO SERVED ON PERFORMANCE REVIEW BOARDS AND PERFORMANCE EVALUATION PANELS WITHIN THE OFFICE OF THE SECRETARY OF DEFENSE. IN THESE CAPACITIES I HAVE SEEN THE SYSTEM AT WORK FIRST-HAND. PERFORMANCE APPRAISALS ARE USED ANNUALLY TO ASSESS INDIVIDUAL PERFORMANCE, TO DETERMINE ELGIBILITY FOR REWARDS AND AS BASES FOR OTHER PERSONNEL DECISIONS. CONTRARY TO A GAO FINDING ON THIS MATTER, MY EXPERIENCE IS THAT OUR SYSTEM ALSO RELATES AN INDIVIDUAL'S PERFORMANCE AND CONTRIBUTIONS TO THE ACCOMPLISHMENT OF HIS ORGANIZATION'S OBJECTIVES.

WHILE I BELIEVE MY AGENCY HAS IMPLEMENTED THE APPRAISAL SYSTEM QUITE EFFECTIVELY, AND THAT THE QUALITY OF THE PERFORMANCE PLANS AND APPRAISALS HAVE IMPROVED SIGNIFICANTLY OVER THE YEARS, I DO QUESTION WHETHER THE SYSTEM HAS, IN FACT, IMPROVED PERFORMANCE OR COMMUNICATION AND ULTIMATELY, WHETHER IT HAS BEEN WORTH THE LARGE COMMITMENT OF TIME BY EXECUTIVES. THE GAO REPORT REFLECTS A SIMILAR FINDING.

CLEARLY, IT IS THE ISSUE OF COMPENSATION IN ITS MANY ASPECTS, INCLUDING REDUCTIONS IN THE PLANNED BONUS AND AWARD SYSTEM, THAT HAS LEFT MOST MEMBERS OF THE SES WITH A FEELING OF BETRAYAL AND HAS LED ULTIMATELY TO MANY OF THEM QUESTIONING THE UTILITY OF THE SES IN GENERAL. I AGREE WHOLEHEARTEDLY WITH THE FINDINGS OF THE GAO ON THIS MATTER. THE REDUCTIONS BY CONGRESS AND OPM FROM THE CIVIL SERVICE REFORM ACT'S LIMITATION OF 50 PERCENT ON THE NUMBER OF

BONUSES THAT COULD BE AWARDED ANNUALLY TO MEMBERS OF THE SES IS, IN FACT, VIEWED AS A "BREACH OF CONTRACT"--TO USE THE GAO'S PHRASE--BY MOST OF THOSE MEMBERS. THESE REDUCTIONS HAVE CREATED MORALE PROBLEMS. THEY HAVE FORCED AGENCIES AND ORGANIZATIONS INTO DECISIONS, FOR EXAMPLE, THAT RESULT IN THE SAME FEW TOP PERFORMERS BEING REWARDED ANNUALLY (WITH ALMOST EQUALLY OUTSTANDING EXECUTIVES GOING UNREWARDED) OR RESULT IN A "SPREADING THE WEALTH" POLICY, WHEREBY MORE TOP PERFORMERS ARE REWARDED EVERY TWO OR THREE YEARS, RATHER THAN ANNUALLY. IN ANY EVENT, THE SYSTEM THAT SES MEMBERS SIGNED UP FOR IN 1979 IS NOT THE SYSTEM THAT HAS BEEN IMPLEMENTED. HOPEFULLY, THE FISCAL YEAR 1984 APPROPRIATION, WHICH LIFTED THE EARLIER LIMITATION OF 20 PERCENT, IS A HARBINGER OF PERMANENT IMPROVEMENT IN THE SYSTEM. AN INCREASE IN THE NUMBER OF DESERVING SES MEMBERS THAT CAN RECEIVE AWARDS SHOULD GO A LONG WAY TOWARD OVERCOMING THE NEGATIVE ATTITUDES THAT HAVE DEVELOPED OVER TIME CONCERNING THIS ASPECT OF THE PROGRAM.

CERTAIN ELEMENTS OF THE SES PROGRAM SUCH AS PERFORMANCE APPRAISALS, BONUSES, TRAINING OPPORTUNITIES AND SO ON ARE INDEED SIGNIFICANT CONSIDERATIONS: FAR MORE IMPORTANT, HOWEVER, TO THE EXCELLENCE OF THE SENIOR EXECUTIVE SERVICE, AND THUS TO THE EFFECTIVENESS OF FEDERAL AGENCIES, IS THE ISSUE OF SES SALARY RATES. UNLESS THIS CONTINUING PROBLEM IS SOLVED I AM PESSIMISTIC ABOUT OUR ABILITY TO HIRE AND RETAIN THE TOP QUALITY EXECUTIVES WE NEED TO MAKE OUR GOVERNMENT OPERATE EFFICIENTLY. UNTIL WE FACE THE ISSUE OF PAYING EXECUTIVES SALARIES COMPETITIVE WITH THOSE OF SIMILAR POSITIONS IN THE PRIVATE SECTOR, THEN WE HAVE LITTLE HOPE OF DEVELOPING THE HIGHLY COMPETENT EXECUTIVE CORPS ENVISIONED IN THE 1978 ACT. UNTIL CONGRESS AND THE EXECUTIVE BRANCH COME TO GRIPS WITH THIS OVERRIDING ISSUE, THERE WILL CONTINUE TO BE A VALID QUESTION CONCERNING THE EFFECTIVENESS OF THE SES.

THE STATISTICS PRESENTED IN THE GAO REPORT AND ALSO GATHERED BY THE GRACE COMMISSION IN ITS ASSESSMENT OF EXECUTIVE LEVEL AND SES PAY ARE AMPLE TESTIMONY TO THE PROBLEM. THE LARGE NUMBERS OF EXECUTIVES WHO HAVE LEFT THE GOVERNMENT SINCE THE SES WAS FORMED AND THE GREATER FINANCIAL REWARDS IN RETIREMENT COMPARED TO CONTINUING TO WORK ARE BUT TWO EXAMPLES OF THE PROBLEMS ARISING FROM THE LIMITATIONS PLACED ON EXECUTIVE SALARIES.

I AGREE WHOLEHEARTEDLY WITH THE GRACE COMMISSION'S RECOMMENDATIONS ON THIS ISSUE AND RECOMMEND THE CONGRESS TAKE ACTION TO IMPLEMENT THEM. SUCH ACTION WILL GO A LONG WAY, IF NOT ALL THE WAY, TOWARD RESTORING THE CREDIBILITY OF THE SES PROGRAM AND TOWARD MAKING THE SES WHAT WE INTENDED IT TO BE FIVE YEARS AGO, THE ELITE MANAGEMENT CORPS OF THE FEDERAL GOVERNMENT, COMPOSED OF EXPERT AND DEDICATED EXECUTIVES RESPONSIBLE FOR THE EFFECTIVE MANAGEMENT AND OPERATION OF ITS AGENCIES, BUREAUS AND PROGRAMS.

IN CONCLUSION, I AM NOT SURE IN MY MIND THAT I WOULD ASSESS THE SES'S FIRST FIVE YEARS AS AN OVERALL SUCCESS. NEITHER WOULD I CALL IT A FAILURE. THE SES IS A VERY COMPLEX AND FAR-REACHING PROGRAM. IT WILL BE YEARS BEFORE DEFINITIVE JUDGMENTS OF ALL THE PARTIES INVOLVED CAN BE MADE AS TO ITS SUCCESS OR FAILURE OF THE PROGRAM. THUS, I SUPPORT CONTINUING THE SES SYSTEM, GIVING IT TIME TO EVOLVE AND PROVE ITSELF AND TIME TO MAKE THE CHANGES WE FIND NECESSARY BASED ON THE JUDGMENTS OF THE CONGRESS, THE EXECUTIVE BRANCH AND THE MEMBERS OF SES THEMSELVES.